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# Economic Scene | Leonard Silk

## War, Peace: Vulgar Details

"IN today's world, there is no way that we can successfully address international political problems without giving full weight to the economic issues," Richard A. Debs, president of Morgan Stanley International, recently told the Senate Foreign Relations Committee. "Nor is there any way we can address international economic problems without considering the political issues."

This may be a truism but, as Mr. Debs said, "unfortunately it is a truism that is often neglected in the way we run our government." However, useful truth lies not in generalities but in the details.

All the main items on the United States foreign policy agenda are heavily freighted with economics. The list begins with American relations with the Soviet Union under its new leader, Mikhail S. Gorbachev. Vice President Bush said, after his first session with the new General Secretary of the Communist Party: "Mr. Gorbachev conducted the meeting, and he did it with great confidence and assurance. He made a very good impression."

But what did the men at the top say to each other? Mr. Bush said the meeting was constructive and nonpolemical and touched on a wide variety of issues, but would not say what they talked about.

It seems reasonably certain that, even if one had been a fly on the wall, one would have heard nothing like the following exchanges:

Mr. Bush: We realize that you need arms control a heck of a lot more than we do. Your economy is in serious trouble and unless you can get us to slow down the arms race, you are in danger of an economic collapse.

Mr. Gorbachev: That's nonsense. If we survived the horrible death and destruction of World War II, we can certainly survive your efforts to outspend us or not trade with us. As for "Star Wars," it won't work and if you want to spend yourself into bankruptcy, that's your problem. What we are afraid of is that you are going to give another twist to the

arms race and make the strategic balance all the more precarious.

Mr. Bush: Why don't you think of these things when you are building your own antimissile systems and outspending us on military weapons?

Mr. Gorbachev: You exaggerate, sir. Your own Central Intelligence Agency, whose Congressional testimony I read religiously, or at least spiritually, has cut their estimate of our rate of growth in military spending from 4 to 5 percent to 2 percent, and you have been increasing outlays by triple that rate or more since Mr. Reagan took office.

Mr. Bush: Right you are, and we intend to keep it up, if only those nervous nellys in Congress don't chicken out.

Mr. Gorbachev: Isn't it really the budget deficit they are worried about? Your economy is more threatened than ours, since you are capitalists with unstable markets.

Mr. Bush: We can grow our way out of the deficit.

Mr. Gorbachev: I thought you were the fellow who invented the term "voodoo economics."

Mr. Bush: Fair is fair, and when I have new facts I change my view, don't you? Our performance since Mr. Reagan took office is the economic miracle of the 1980's. And our huge advantage is in our technology.

Mr. Gorbachev: I know that. If I may quote your C.I.A. people again, your military equipment is produced with "more sophistication, more quality, better performance, more safety, more quality, control" than ours. As the Chairman of your Joint Chiefs of Staff, General Vessey, told the Senate Armed Services Committee, "The Soviet Union has a quantitative advantage in many weapons, but, over all, would I trade with Marshal Ogarkov? Not on your life."

Mr. Bush: Is that why you got rid of Marshal Ogarkov?

Mr. Gorbachev: That's none of your business. If you think we are going to "say uncle," like Nicaragua, you've got another think coming. In fact, Nicaragua won't say uncle. It's not so easy for a great power to push even a small one around.

Mr. Bush: You found that out in Afghanistan, didn't you?

Mr. Gorbachev: I thought this was supposed to be a constructive, nonpolemical discussion.

Mr. Bush: It is. Back to the good old generalities. I believe we share a common interest in peace and social and economic development, right?

Similar talks are needed on the other major items of the overlapping foreign policy/economic affairs agenda, which include:

Relations with Japan, particularly vexed by the \$45 billion Japanese trade surplus with the United States and the enormous Japanese capital outflow of \$50 billion to \$100 billion a year.

Relations with Europe, exacerbated by the overstrong dollar, the big United States budget deficit, high interest rates and the European capital outflow to this country, which is hurting their growth and worsening unemployment.

Relations with the debt-ridden developing countries, also threatened by high interest rates, overcapacity in the industrial countries, the United States trade deficit and by import quotas, import surcharges, tariffs, domestic content legislation and the whole array of protectionist measures that could make it impossible for them to service their debts — and jeopardize Western banks and export businesses.

These painfully detailed and complex matters seem to bore top American policy makers, who evidently agree with the dictum of Oscar Wilde: "One should absorb the color of life, but one should never remember its details. Details are always vulgar."